

**Verizon New England Inc.
d/b/a Verizon Massachusetts**

Commonwealth of Massachusetts

D.T.E. 01-20 (Part A)

Respondent: Thomas Mazziotti
Title: Senior Staff Consultant

REQUEST: AT&T Communications of New England, Inc., Set #31

DATED: October 4, 2002

ITEM: ATT-VZ 31-10 Refer to page 4 of Mr. Mazziotti's testimony, lines 13-17:

- a. Please provide an explanation of a "software buyout" and a "pooling arrangement" and state how Verizon determines whether to purchase software as part of a software buyout, pooling arrangement, individual packages, or as part of a switch purchase; and
- b. Please list each RTU package and associated list and net price included in the software costs that Verizon previously paid for as part of a software buyout or pooling arrangement. Please include the name of or reference to the software buyout or pooling arrangement and provide all supporting documentation.

REPLY:

- a. A software buyout is a contractual purchase of specified features for a described set of switches of the same type. The RTU fee is billed on an Operating Telephone Company basis under the payment terms of the contractual agreement. Some buyouts extend ownership of the feature(s) to future switches as well as existing ones. Effective with the software accounting change 1/1/99, software purchased through a buyout is capitalized with the first use of the software in any network switch.

For situations where Verizon is unable to identify in advance the features required in each site, a pooling arrangement can be considered. A pooling arrangement is a contractual agreement in which Verizon agrees to order a specific amount of RTU fees for specified switch types during the term. Over the term of the agreement, Verizon issues orders for software

REPLY: ATT-VZ 31-10
(cont'd)

as it determines its needs. The vendor bills on an Operating Telephone Company basis under the payment terms of the contractual agreement. Effective with the software accounting change 1/1/99, features in pooling arrangements are capitalized after the orders are processed.

Verizon's evaluation to enter a buyout, pooling arrangement, or to purchase software separately under a general purchase agreement is based on economic factors, including but not limited to the improvement in pricing, the time value of money, and the scope of the software needs of the business.

- b. Verizon MA objects to this request on the grounds that it is overly broad, unduly burdensome, and would require a special study and analysis.

VZ # 701

**Verizon New England Inc.
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D.T.E. 01-20 (Part A)

Respondent: Thomas Mazziotti
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REQUEST: AT&T Communications of New England, Inc., Set #31

DATED: October 4, 2002

ITEM: ATT-VZ 31-36 Please state whether the proprietary chart on page 14 of Mr. Mazziotti's testimony includes all new switches purchased by Verizon from Nortel from January 1, 2000 to the present and, if not, list each other new switch purchased by Verizon from Nortel from January 1, 2000 to the present, and for each such switch state the percent by which Nortel discounted the contract price, state the material price per line paid by Verizon, and provide all supporting documentation, with citations to relevant pages or sections.

REPLY: Yes. Please also see documents previously provided in Verizon MA's response to Record Request ATT-3.

VZ # 727

**Verizon New England Inc.
d/b/a Verizon Massachusetts**

Commonwealth of Massachusetts

D.T.E. 01-20 (Part A)

Respondent: Thomas Mazziotti
Title: Senior Staff Consultant

REQUEST: AT&T Communications of New England, Inc., Set #31

DATED: October 4, 2002

ITEM: ATT-VZ 31-38 Please identify the “numerous additional costs associated with switch purchasing” referenced at page 14, line 6, of Mr. Mazziotti’s testimony and state where in the Verizon model or cost study each of these additional costs is recovered.

REPLY: Some of the additional costs over and above the bid price that are required for the cutover of a new digital switch include, but are not limited to, AC & DC Power plants and distribution (which are recovered via the Power factor), Telco Engineering, Telco Plant Labor, Hauling, Hoisting, and Warehousing (which are recovered via the EF&I factor), and Fiber Distribution panel and DSX terminations (which are added as separate line items in the cost studies where appropriate.)